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Viewing cable 06ATHENS369,

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Reference ID	Created	Released	Classification	Origin
06ATHENS369	2006-02-09 11:09	2011-08-30 01:44	CONFIDENTIAL	Embassy Athens

Appears in these articles:

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This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 06 ATHENS 000369
SIPDIS

E.O. 12958: DECL: 02/02/2016 TAGS: [PREL](#) [GR](#)

Classified By: Ambassador Charles P. Ries for Reasons 1.4 (b,d)

1. (C) Summary. In his September 10 2005 economic policy speech at the Thessaloniki trade fair, P.M. Karamanlis outlined six major problems facing Greece.
----- TI: Perception of Massive Greek Corruption -----

2. (U) Transparency International (TI), the best-known monitor of global corruption, publishes two major annual reports, the Global Corruption Report and the Bribe Payers Index.

3. (U) The GCB results for Greece are striking: Within the Western European grouping (represented by the EU-15 minus Belgium and Sweden), Greece has the highest corruption index score.
----- GCB I: Corruption in National Institutions/Sectors -----

4. (U) Asked to rate the extent to which they assess the level of corruption in fifteen different sectors, Greeks produced rankings that were significantly higher than those of other countries.
Sector

Greece
WE Avg. -----

----- Political Parties

4.1

3.7 Parliament

3.5

3.3 Police

3.3

2.7 Legal System/Judiciary
3.7

2.9 Tax Revenue

3.8

2.9 Business/Private
Sector

3.4

3.3 Customs

3.5

2.7 Medical Services

3.6

2.7 Media

3.7

3.3 Education

2.7

2.3 Utilities

3.3

2.6 Registry and Permits
2.5

2.5 The Military

2.5

2.5 NGOs

2.6

2.5 Religious Bodies

3.7

2.5

----- -- GCB II: Effect of Corruption on Spheres of Life -----

15. (SBU) Greeks also gave the lowest ratings among the Western Europe group when asked the degree to which they felt corruption affects different
Sector

Greece
WE Avg. -----

----- Political Life

3.7

3.0 Business Environment 3.6

2.7 Personal/Family Life 2.5

1.7

----- GCB III: Bribery -----

16. (U) Finally, a far larger percentage of Greeks, 12%, admitted to having paid a bribe in 2004, compared to a Western European average of 2%.

----- The Corruption Perceptions Index: Greece Lags Again -----

17. (U) TI's second major report, the Corruption Perceptions Index (CPI), is a composite survey reflecting the perceptions of business people and

18. (U) For 2005, the CPI gave Greece the lowest rating within the Western Europe group, with a score of 4.3. This compares to the Western European

----- TI Greece's Representative: Zafiris Hadjidemetriou -----

19. (C) Economic Counselor discussed TI's reports with the organization's part-time representative in Greece, Zafiris Hadjidemetriou, an attorney

20. (C) Hadjidemetriou also noted the lack of trust within Greek society, which even characterized relations between close family members: "I've

21. (C) Hadjidemetriou felt this dynamic also influences U.S.-Greek relations. Greeks tend to see Americans, whom they disparagingly call "Americans"

22. (C) Another way in which the utter lack of trust manifests itself is in the Greek view of government. Hadjidemetriou said "Government of the people"

23. (C) Hadjidemetriou said the average citizen's contempt for government was based on the experience many had interacting with mid-level bureaucrats

24. (SBU) Hadjidemetriou saw some room for optimism, particularly when it came to the slowly increasing power of EU law within the Greek system

25. (C) As for the Karamanlis government, Hadjidemetriou said the PM certainly said the right things, and ministers such as Sioufas and Alogoskoufis

----- Embassy Observations I: 2005 A Bad Year for Corruption in Clergy and Courts -----

26. (C) Although this Mission cannot claim to know the true state of corruption in Greece, it is striking to see the range of high-level Greek

27. (C) The Greek Orthodox Church has also been rocked by serious corruption allegations. It suspended in 2005 a senior bishop and an influential

28. (C) The legal system has suffered the worst barrage of accusations, with 2005 seeing a record number of judges investigated, dismissed, and exonerated

29. (C) As important as the "grand" corruption outlined above is to Greek society as a whole, however, it is the low-level corruption that most

----- Embassy Observations II: Corruption in Non-Military Procurement -----

30. (C) From the Mission perspective, perhaps the most worrisome effect of Greek corruption is its effect on U.S. business interests. The department

31. (C) The mid-level bureaucrats and technocrats at these companies frequently write specifications that lead to sole-source suppliers, they

32. (C) One U.S. company's bid on a \$3.5 million billing system for Public Power Corporation (PPC), a state-controlled public utility, is a typical

----- Embassy Observations III: Corruption in Military Procurement -----

33. (C) Military procurement was long rumored to be rife with corruption. Many believe PASOK Defense Minister Akis Tzohatzopoulos in particular

34. (C) PM Karamanlis and MOD Spiliotopoulos have made ending questionable acquisition practices a centerpiece of their defense reform efforts

35. (C) The situation faced by most U.S. defense firms smaller in size and power than Lockheed is still not good. One U.S. firm encountered the

----- Comment -----

36. (C) Greek society as a whole suffers tremendously from the inefficiencies related to corruption, which appear to be endemic, and unlikely

37. (C) One might think that the presence of 70,000 plus Greek-Americans in Greece with a knowledge of how things CAN work -- i.e. in the U.S. RIES